

City of Seattle Voluntary Deferred Compensation Plan Regular Trust Committee Meeting Minutes

Wednesday, January 25, 2017 10:00 am – 12:00 pm
Seattle Municipal Tower, Room 4080

TRUSTEES present: Teri Allen, Susan Coskey, Scott Fuquay, Glen Lee, Jeff Davis and Brian Smith

STAFF present: Renee Freiboth, SDHR; Michelle Ell, SDHR; Kimberly Loving, SDHR, Jeff Slayton, CAO

CONSULTANTS present: Jake O'Shaughnessy and Stuart Payment, SageView Advisory Group; Jeff Curnutt, Thorson Barnett & McDonald

GUESTS present: Vincent A. Ortega, American Funds; Kent Morris & Kristopher Morton, Nationwide; Chad Kasper, Financial Engines

BUSINESS

Opening: Teri Allen, the Committee Chair, started the meeting at 10:05 am.

Introductions: All attendees introduced themselves. Jeff Davis replaced Ken Nakatsu as a trustee; he was appointed by the SCERS Board as the Executive Director on January 13, 2017.

Public Comment: Teri asked if there were any public comments. Michelle Ell read two public comments:

- Local 27 members have requested that their quarterly participant account statements include a breakdown of the amount in Roth, pre-tax, and loan amounts. Staff has researched the issue and informed them that Nationwide statements will provide a breakdown of the pre-tax, Roth, and loan payments.
- A participant requested that the Plan consider adding inverse investment options to the base plan menu so participants can take advantage of inverse market performance relationships without establishing an SDBA. Staff will respond with "Thank you for your comment. We have passed on your comment directly to the Trust Committee and the plan's investment advisor for consideration."

Minutes of December 8, 2016 Regular Meeting: Teri asked for a review of these meeting minutes. As there was no objection, the meeting minutes were deemed accepted as written.

Regular Business Items: Michelle Ell provided a staffing update. Albert Ng joined while Kyle Miller will transition away from his responsibilities in February 2017. Deferred Compensation is now fully staffed with Albert Ng, Crystal Roncek, Maydene Pang, and Michelle Ell. Michelle noted that there were no quarterly reports to share.

Executive Session: Commenced at 10:15 am and concluded at 10:55 am.

MOTION: Teri Allen moved that the Committee accept the staff action plan for handling the Onsite Education Consultant issue. Glen Lee seconded the motion. Upon a call for a vote, the motion was approved unanimously.

SageView Advisory: Jake O'Shaughnessy discussed the available Galliard Stable Value Fund share classes. Based on the Committee's decision to be more transparent about fees, Jake recommended the "no admin" share class that has a 0.00% admin & administration management fee charge.

MOTION: Teri Allen moved that the Committee select the Galliard Stable Value Fund Share Class with no Nationwide Administrative charge and a stated investment expense of 0.394% to offer in the City of Seattle 457 Plan investment menu on transition to the new recordkeeper/custodian. Susan Coskey seconded the motion. Upon a call for a vote, the motion was approved unanimously.

Jake discussed the plan expense account investment. He mentioned that the plan expense account can be invested in any fund. The Stable Value Fund would be a reasonable choice since it provides capital preservation and a higher yield than money market funds over time. Jake recommended that the plan continue to use the Stable Value Fund as the investment to hold the City of Seattle 457 plan expense proceeds.

MOTION: Teri Allen moved that the Committee continue to hold the Plan Expense Fund as a sub-account in the Stable Value Fund managed by Galliard on the transition to the new recordkeeper/custodian. Scott Fuquay seconded the motion. Upon a call for a vote, the motion was approved unanimously.

Communications: Renee shared a recommended approach for review of the implementation communications materials. In partnership with legal counsel and vendors, plan staff will develop the campaign, help draft communication pieces, and interview the on-site education consultants. Any notable communications as flagged by staff and legal counsel will be brought to the Committee for review and approval.

Nationwide has offered to create a unique plan logo instead of joint branding between the city of Seattle and Nationwide. Kent Morris from Nationwide addressed the Committee and mentioned that the logo would be designed specifically for the plan. Nationwide would not own the logo. Staff mentioned that for continuity and clarity, the City logo should remain on all communications. Staff recommended that the plan continue with co-branding and leave the exploration of a new plan logo as a future decision.

Nationwide would like to issue a joint press release with the City to announce the vendor change. Staff recommendation was to decline the joint press release since City procurement advises against endorsing vendors. Per a statement from Teri Allen, the plans of action for the communication issues discussed above were accepted without objection.

Contracting Update: Renee shared that the custodian agreement has been signed, while the ProAccount and SDBA agreements are still outstanding.

Implementation Timeline: Renee shared that staff does not have a firm implementation date, but are working towards a May (hopefully) transition. Staff is coordinating efforts with Payroll and still working to get proper test files generated by Prudential and Nationwide.

Future Agenda Items: Renee indicated that an additional Special meeting will likely be necessary on February 22, February 24, or March 3 to cover Regular Business and/or recordkeeper/custodian transition issues that can't be postponed until the March Regular meeting time. Other future agenda items include the 2015 Auditor Report, approval of the Investment Policy Statement, and a vote on the charge that will appear on the Fee Equalization and Transparency document.

Adjournment: Teri Allen moved to adjourn the meeting at 11:35. Scott Fuquay seconded the motion. The meeting was adjourned without objection.

Next Meeting: The next regular meeting is scheduled for Wednesday, March 29, 2017 at 10:00am in the Seattle Municipal Tower, Conference Room 4080.